

Minutes Of The Board Of Trustees

City Of Cincinnati

Retirement System

February 5, 2004

The Chairperson called the meeting to order at 1:30 p.m. with the following members present:

V. Daniel Radford, Chairperson
Valerie Lemmie, City Manager
William Moller, Secretary
Joe Harrison
Brian Pickering
Ely Ryder
Edwin Volpe
John Bowling

Members Absent

John Cranley, Councilmember
Charlie Luken, Mayor
Michael Rachford

Mr. Radford called for a motion to approve the minutes of the December 4, 2004 Board Meeting. The motion was made by Mr. Bowling, seconded by Mr. Volpe and carried by the Board. The minutes were approved as prepared by the Secretary.

BENEFITS COMMITTEE

Mr. Ryder reported that the Benefits Committee met on January 29, 2004 at 1:30 p.m. in the Retirement Office, Room 240.

Mr. Ryder gave the following report.

1. Application for Ordinary Retirement February 1, 2004: Total – 26

No.	NAME	DEPARTMENT
31818	Sandra George	RCC
32661	Alberta Taylor	University Hospital
34690	Paul Glasgo	Recreation
35964	Lewis Spurlock	Park
37142	Gary Walker	University Hospital
39033	Mary Jo Hill	RCC
39254	Joan Shore	University Hospital
39522	Violet Hall	University of Cincinnati
39691	Diane Columbus	University Hospital
40040	Gary Vaught	Recreation
40174	Geraldine Taylor	Finance
40285	Herman Beck	University Hospital
40403	Carl Hester	Facility Management
40406	David Weider	Public Services
40408	Matthew Manion	Public Services
40411	John Bolton	Public Services
40417	Myrtle Bohl	Water Works
40473	James Schulze	Water Works
40482	Saeed Abdullah	Water Works
40714	James Russell	Water Works
41506	Barbara Stevenson	University Hospital
42809	Elaine Cody	University Hospital
44930	Lynn Daly	Hamilton County
44930	Patrick Stallmeyer	Water Works
51407	Martha Keiser	RCC
60652	William Kelley	Finance

2. Application for Retired Members Deaths: Total - 14

3. Application for Disability Retirements: Total - 2

NO.	NAME	DEPARTMENT
48684	Mark Johnson	Public Services
53540	Brenda White	Recreation

4. Application for Deferred Retirement: Total – 3

NO.	NAME	DEPARTMENT
51430	Laura A. Parker-Keebler	Health
44410	John Adkins	Water Works
50632	Thomas C. House	MSD

5. Application for Ordinary Death Benefits: Total – 3

NO.	NAME	DEPARTMENT
43014	Diane V. Chapman	Police
53120	Pamela Evans	Parking Facilities
59033	Charlene Wilson	Parks

Mr. Ryder reported that the Benefits Committee recommended the approval of disability retirement for Brenda White to be contingent upon a re-evaluation in one year. Mr. Ryder moved that the Board accept the decision of the Benefits Committee. The motion was seconded by Mr. Bowling and carried by the Board.

INVESTMENT COMMITTEE

Mr. Moller reported the Investment Committee last met on December 5, 2003. At that meeting, the small/mid-cap growth manager Navallier & Associates met with the committee to discuss their poor performance record. Mr. Moller commented that the general consensus of the Committee was that they were underwhelmed by the Navellier presentation. There was some discussion as to whether or not Navallier should be retained as an investment manager, but the Committee agreed that this issue should be held until the completion of the asset/liability study.

SECRETARY'S REPORT

Mr. Moller reported that the total amount of assets owned by the retirement system increased by about 14.5% in 2003. The investment consultant's fourth quarter performance report indicates that investment return for the total fund was 21.98% in 2003, under-performing the performance of the blended Cincinnati benchmark that returned 22.84%. Mr. Moller also reported that as of 12/31/2003, the allocations to both domestic and international equities were above their target bands and the allocation to fixed income was below its target band. Mr. Moller then reported that the Investment Committee approved a staff recommendation to rebalance the portfolio by transferring \$45.2 million from international and domestic equity managers to the retirement system's four fixed income managers. The rebalancing of assets took place on January 26, 2004.

The Secretary submitted the following report:

1. Resolution for Enrollment of New Members – Total: 19
2. Resolution for Return of Contributions & Death Benefits– Total: 76
Amount: \$324,604.44
3. Resolution for Loans to Members – Total: 36 Amount: \$336,824.34
4. Report on Deaths of Pensioned Members – Total: 26
5. Report on Military Service Credit prior to Membership – Total: 6

The Secretary submitted the following vouchers for payment:

PAYEE	AMOUNT
City of Cincinnati Division of Stores – Billings for Stores Items for Dec. 2003	\$263.86
ABS Business Products Inc. – Monthly rental base rate for copier	\$238.50
Institutional Investor Inc. – Subscription renewal for Bruce Fink	\$315.00
Norma Haygood – Parking reimbursement at UC 10/31/03	\$7.75
Donald Miller – Reimbursement for overpayment on Loan #57728	\$25.63
Mae Consulting Inc. – Professional Services Rendered	\$840.00
Business Information Solutions Inc. – Storage of CRS files	\$50.40

The Secretary reported that at the close of business January 30, 2004, there was in the Treasury to the credit of the Retirement System, the amount of \$1,894,875.30.

Asset Valuation:

- December 31, 2002: \$1.99 billion
- December 31, 2003: \$2.28 billion
- YTD Increase (Decrease): 14.68%

Current Asset Allocation: (Policy Objective)

- Domestic Equity: 53.3% (50%)
- International: 14.4% (13.5%)
- Fixed Income: 31.6% (33.5%)
- Alternative Assets/Treasury Cash: 0.7% (3%)

PENDING BUSINESS

The meeting was turned over to Mr. Robert McCrory of EFI actuaries and Mr. Neal Rue of PCA Consultants. Messrs. McCrory and Rue provided an update on the Asset/Liability Study that their firms are conducting for the System. After considerable discussion, it was the consensus of the Board that staff should develop an action plan to address the issues raised by the A/L Study and present same to the Board and the City Administration.

NEW BUSINESS

Mr. Moller distributed a motion made by Councilmember David Crowley at the February 11, 2004 City Council meeting. Mr. Crowley's motion requests information on retirement system investments in Halliburton, Conoco-Phillips and General Electric, which have recently been accused of conducting business in rogue states that support terrorism

ADJOURNMENT

Upon request of Mr. Radford for a motion to adjourn, the meeting adjourned at approximately 4:45 p.m.